United Nations A/73/443

General Assembly

Distr.: General
19 October 2018

Original: English

Seventy-third session
Agenda item 138
Improving the financial situation of the United Nations

Financial situation of the United Nations

Report of the Secretary-General

Summary

The present report provides a review of the financial situation of the United Nations based primarily on four financial indicators: assessments issued, unpaid assessments, available cash resources and the Organization's outstanding payments to Member States.

The report provides a review of the situation as at 30 September 2018 and an update of the information presented in the previous report of the Secretary-General (A/72/522/Add.1).

Since the issuance of that report, the Secretary-General has written to all Member States, in a letter dated 25 July 2018, further to his letter dated 11 January 2018, informing them of the troubling financial situation of the Organization. The cash situation of the regular budget continues to be precarious, with deficits becoming larger and arising earlier in the year.

The financial health of the Organization depends on Member States meeting their financial obligations in full and on time. The Secretariat is committed to using the resources entrusted to it in a cost-effective and efficient manner and to providing information to Member States with the utmost transparency.

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I. Introduction

1. The present report provides an update on the financial situation of the United Nations presented to the General Assembly by the Secretary-General in his previous report (A/72/522/Add.1) and a review of financial indicators as at 30 September 2018, the cut-off date for this presentation, with a comparison to the situation as at 30 September 2017 (see A/72/522).

2. In the present report, the financial situation of the United Nations is considered on the basis of four main financial indicators that have been used to measure the strength of the Organization: assessments issued, unpaid assessed contributions, available cash resources and the Organization's outstanding payments to Member States.

II. Review of the financial situation as at 30 September 2018

3. On 25 July 2018, the Secretary-General wrote to all Member States, further to his letter of 11 January 2018, informing them of the troubling financial situation of the Organization and requesting them to ensure the full and timely provision of the resources the Organization needs to carry out its mandates. The present report presents an update of the situation as at 30 September 2018.

A. Regular budget

4. The cash situation of the regular budget continues to be precarious, with deficits becoming larger and arising earlier in the year. The regular budget shortfall, which was $139 million as at 30 June 2018, had reached $365 million by 30 September 2018, exhausting the reserves of $353 million ($150 million from the Working Capital Fund and $203 million from the Special Account). As at 30 September 2018, the shortfall, after taking into account the reserves, was $12 million. This was covered by borrowing from the accounts of closed peacekeeping operations.

5. At the start of 2018, unpaid assessments totalled $531 million, higher by $122 million than at the start of 2017. Assessments were issued in 2018 at a level of $2.5 billion. While assessments in 2018 were $91 million below the level in 2017, unpaid contributions at 30 September 2018 were only $7 million less than at the same date in 2017. A total of $1.1 billion remained unpaid as at 30 September 2018.

6. By 30 September 2018, 141 Member States had paid their regular budget contributions in full, 7 more than at the same date last year. The Secretary-General wishes to thank the Member States that have honoured their obligations for the regular budget in full and urges the remaining Member States to follow their example. The final outcome for 2018 will depend on the action taken by Member States that have not paid, or have not paid in full, their regular budget contributions.

B. Peacekeeping operations

7. The changing demand for peacekeeping activities makes it difficult to predict financial requirements. Furthermore, peacekeeping has a different financial period, running from 1 July to 30 June rather than for a calendar year; assessments are issued separately for each operation; and, since assessment letters may be issued only for the mandate period approved by the Security Council for each mission, they are issued for different periods during the year.

8. As at 30 September 2018, a total of $4.9 billion had been assessed for peacekeeping operations in 2018. Contributions received by that date amounted to approximately $4.3 billion. The unpaid amount for peacekeeping operations was slightly greater than $2.5 billion.

9. As regards outstanding payments to Member States, a total of $221 million was owed to Member States as at 30 September 2018, comprising $92 million for troops and formed police units, $43 million for contingent-owned equipment claims for active missions and $86 million for contingent-owned equipment claims for closed missions. As at that date, payments for troop and formed police unit costs were current for all missions up to July 2018, except for the United Nations Mission for Justice Support in Haiti (MINUJUSTH), the United Nations Mission for the Referendum in Western Sahara (MINURSO), the United Nations Peacekeeping Force in Cyprus (UNFICYP) and the United Nations Interim Security Force for Abyei (UNISFA). Payments for contingent-owned equipment claims for active missions were current for all missions up to June 2018, except for MINUJUSTH, MINURSO, UNFICYP and the African Union-United Nations Hybrid Operation in Darfur (UNAMID). Of the total amount of $221 million owed as at 30 September 2018, $9 million for troops and formed police units for UNFICYP and UNISFA and $24 million for contingent-owned equipment claims for UNAMID were paid in October.

10. The Secretary-General is committed to meeting obligations to Member States providing troops and equipment as expeditiously as possible, as the cash situation permits. In this regard, the Secretariat will continue to monitor the peacekeeping cash flow closely and maximize payments on the basis of available cash and data. To do so, however, the Organization depends on Member States to honour their financial obligations in full and on time, and depends also on the expeditious finalization of memorandums of understanding with contributors of contingent-owned equipment.

11. The review of unpaid peacekeeping assessments for each operation shows that the amount of $2.5 billion outstanding as at 30 September 2018 comprises approximately $2.1 billion owed for active missions and $426 million owed for closed missions. For active missions, $1.6 billion relates to 2018 assessments, while $505 million relates to assessments issued during or before 2017.

12. Owing to the unpredictable amount and timing of peacekeeping assessments during the year, it can be difficult for Member States to keep fully current with them. The Secretary-General wishes to pay tribute to the 41 Member States that by 30 September 2018 had paid all peacekeeping assessments in full.

13. Although the cash available for peacekeeping as at 30 September 2018 totalled approximately $1.9 billion, that amount is segregated in accordance with the decision of the General Assembly to maintain separate accounts for each mission. The Assembly has specified that no peacekeeping mission should be financed from other active peacekeeping missions. The use of the Peacekeeping Reserve Fund is restricted to new operations and the expansion of existing operations. The cash available as at 30 September 2018 comprised approximately $1.6 billion in the accounts of active missions, $153 million in the accounts of closed missions and $141 million in the Peacekeeping Reserve Fund.

C. International tribunals

14. As at 30 September 2018, unpaid assessments for the international tribunals amounted to $68 million, higher than one year ago by $19 million. This amount comprises $7.7 million owed for the International Criminal Tribunal for Rwanda, $30.1 million owed for the International Tribunal for the Former Yugoslavia and $30.4 million owed for the International Residual Mechanism for Criminal Tribunals.

As at 30 September 2018, 104 Member States had paid in full for the International Tribunal for the Former Yugoslavia and 62 Member States for the Residual Mechanism. The lower number for the Residual Mechanism is due to the more recent assessment, which was issued in July following the approval of the appropriation for the Residual Mechanism on 5 July 2018. For the International Criminal Tribunal for Rwanda, which was last assessed in 2016, a total of 165 Member States have paid in full.

15. By 30 September 2018, 58 Member States had paid their assessed contributions for all tribunal operations in full. The Secretary-General wishes to thank those Member States for their financial support to the international tribunals and urges other Member States to pay their contributions as soon as possible.

16. The month-by-month position of overall cash balances for the tribunals was positive over the past three years. The final outcome for 2018 will depend on Member States continuing to honour their financial obligations during the remaining months of the year.

III. Conclusions

17. The Secretary-General wishes to pay special tribute to the 43 Member States that have paid all their assessments that were due and payable in full at the time of reporting, namely: Algeria, Armenia, Australia, Azerbaijan, Bahrain, Bhutan, Brunei Darussalam, Bulgaria, Canada, China, Cuba, Cyprus, Czechia, Democratic Republic of the Congo, Estonia, Ethiopia, Finland, Georgia, Germany, Hungary, Iceland, India, Ireland, Japan, Kuwait, Kyrgyzstan, Latvia, Liechtenstein, Luxembourg, Monaco, Netherlands, New Zealand, Norway, Poland, Qatar, Saint Vincent and the Grenadines, Samoa, Singapore, Slovenia, Sweden, Switzerland, Thailand and Tuvalu.

18. The financial health of the Organization continues to depend on Member States meeting their financial obligations in full and on time. A sound cash flow is essential for the Organization to deliver on its mandates. The Secretariat is committed to using the resources entrusted to it in a cost-effective and efficient manner and to providing information to Member States with the utmost transparency.